

Bimetallism Considered From The Standpoint of National Interests.

BY GEN. A. J. WARNER.

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IS IT necessary, or is it wise, viewed from the standpoint of national interests alone, for this country to rest the fate of bimetallism on the decision of other countries, or even to wait to see what other countries will do before acting for ourselves? The opinion widely prevails that it would be assuming a great burden, if not entering upon a hazardous experiment, for the United States to restore the bimetallic standard without the concurrence of European nations. Hence, gold monometallists have entrenched themselves behind international bimetallism as a safe retreat, and many sincere bimetallists have joined them so far as to rest their advocacy of bimetallism on the condition that other leading nations shall join us. They are for bimetallism if other countries are for it, otherwise they are against it. They do not stop to consider whether all countries are affected alike by the single gold standard, or whether all are alike interested in the re-establishment of the bimetallic standard. But whether the interests of Great Britain and the United States are the same or otherwise, international bimetallists seem to agree that thirty million people in England should be

permitted to say whether seventy million people in the United States should have bimetallism or not. This is as unreasonable as it would be to submit our industrial and commercial interests to the determination of Great Britain. Four years after the independence of the United States was acknowledged, John Adams wrote from London to Thomas Jefferson, that while he was ready to treat with England for fair dealing with reference to the trade and commerce of both countries, he was no longer willing to submit our commercial interests to British domination. Is it not barely possible that the interests of the two countries differ so widely that it is no safer to submit the financial interests of the United States now to foreign dictation, than it was in 1786 to submit our industrial and commercial interest to the determination of foreign powers? Indeed, is it not a humiliating fact that for the past twenty years foreign interests have dictated all our financial operations, to their great advantage and our irretrievable loss?

How our interests differ, and whether the United States will gain or lose by independently restoring bimetallism, is the object of this discussion.

In the first place, there is an immense difference between the standing ground of England and that of the United States. England has an annual income from investments abroad of at least four or five hundred million dollars, while the United States has to pay annually to other countries, mostly to England, from two hundred to two hundred and fifty million dollars, as interest on loans, to say nothing of the carrying trade and other expenditures abroad. The constant appreciation of gold, therefore, as Gladstone intimated in his speech in Parliament, inures to their gain, and, he might have added, equally to the loss of their debtors. Here is a difference of millions to begin with. The people

of England may suffer, it is true, but England, as a nation having a large income in gold, gains by the appreciation of gold, and will continue to gain till the point is reached where she will lose more by the bankruptcies of her debtors than she gains by the appreciation of gold. When that point has been reached England may join a bimetallic union, but hardly before.

But viewed in the light of broad statesmanship, who would gain and who would lose if the United States should independently restore free coinage of both gold and silver to the seventy millions of her own people? This is the real question for us to consider, and the only question.

Let us then undertake to weigh the gain or loss, one against the other, and see where the advantage would lie.

Suppose, then, an act should pass restoring the law as it stood before 1873, under which the right existed for anybody to take gold or silver to the mint and have it coined for his benefit. First, what would be the necessary effect of such an act on silver itself? Of course, immediately upon the passage of such an act, the price of silver bullion the world over would be the mint price, or coinage rate, in the United States, less the cost of bringing the bullion to our mints. Would this necessarily break the parity between gold and silver coins, or put gold to a premium and send it out of the country? Not at all; and certainly not until silver enough had been coined to take the place of gold, dollar for dollar. Gresham's law is a law of displacement and the five or six hundred millions of gold supposed to be in this country, so far as it performs in any way the function of money, can only be displaced by an equal volume of silver or other money. Otherwise we would not have our distributive share of the world's money, and under such conditions prices would fall

and gold would be sent to us to buy commodities, instead of being drawn away. It is, however, admitted that if in time the coinage of silver, on the above conditions, provided us with a supply of money greater than necessary to meet the requirements of an increasing population, or greater than our distributive share of the world's money, it would tend to displace gold. But whether or not money supply, under free coinage of both gold and silver, would come to us faster than required for the development of a country like the United States, with increasing population and growing wealth, is perhaps a problem of too many elements to answer offhand. One thing, however, may be safely predicted, and that is that it would only be necessary to restrict the creation of inferior forms of currency and credit, to enable the United States alone to do what France was able to do for three quarters of a century. For these and other reasons, many of the ablest bimetallists believe the United States has power enough in the commercial world to alone maintain the parity of the two metals under conditions of free coinage and bi-legal tender.

But let us assume for the moment that, in time, silver, under free coinage, would fill entirely the channels of trade so as to raise prices above the international level of prices and expel all our gold. Even under these conditions who would gain and who would lose? Let us undertake to weigh gains against losses under these assumed conditions.

1. In the first place the five or six hundred millions of gold in leaving us would pay as many millions of debt—no small gain in itself. In this we would be repeating the historical experiment of the Clazomenians, who, finding that it took all they could make to pay interest on the debt they had created during a war, gathered up all the money in the island and with it paid the debt at once, giving at the same time to each citizen from whom money had been received, for

use in their internal trade, token money to the same amount. The people found that they could make just as much with their new kind of money, at the same time saving for themselves the money they had previously been obliged to send out of the country as interest or tribute. What they had before paid as interest they saved as profits, and their gold gradually came back to them.

2. If the gold now forming part of the money of the United States were transferred to Europe, it would greatly swell the volume of money in the very countries where we sell most of our surplus products. The result would necessarily be a rise of prices in those markets. We would therefore get higher prices for what we sold abroad, and, as gold debts even, in the end, are paid mostly with products, it would take fewer products to pay our debts abroad. To illustrate this, suppose gold went to a premium of twenty per cent., and as the consequence of a larger volume of money, both in the United States and Europe, wheat rose, as it undoubtedly would, to, say, eighty cents a bushel in silver instead of fifty cents in gold as now; then, in that case, it would take a bushel and a half of wheat to get a dollar and twenty cents in silver, or one dollar in gold. But now, with wheat worth but fifty cents to the farmer, it takes two bushels to equal a dollar in gold. Hence, under the new conditions it would take but a bushel and a half to pay a gold debt of a dollar whereas it now takes two bushels. So it would be with cotton and exports generally. It would take less labor, or less of the products of labor, to pay gold debts abroad than under the single gold standard. Nor is this gain overbalanced by any counter-gains imaginable.

3. Such conditions would check imports from, and stimulate exports to, gold standard countries, as is now the case in all silver standard countries.

4. Silver is still the money of more than eight hundred millions of the people of the world. The opening of the mints of the United States to the unrestricted coinage of silver would make New York and San Francisco the clearing houses for all silver using countries; and why should not the United States trade directly with South America, India, China, and Japan instead of going through the gold channel of British exchange?

5. More than all other gains put together is the importance of securing a stable and equitable money standard for our own people in their internal trade—one that shall not be subject to constant appreciation nor to fluctuations with every change in the money conditions of other countries. It is a thousand times more important to preserve stability and equity in the standard of value by which the daily transactions of all our people are conducted, debts created and discharged, than that we should have the same standard that England has.

There are many and strong reasons why such a country as ours should have a money standard that would not vary with the varying conditions of other countries. The Baring failure, for instance, affected the monetary condition of all Europe and the United States, and, by creating a sudden demand for gold, affected not only all business transactions but all obligations public and private in every gold standard country; and this will be more and more the case as gold grows scarcer and is gathered more and more in masses where it can be controlled by few men. Will any one contend that such a monetary condition is necessary, or is best for this country? Few of the people of the United States trade directly with the people of other countries. A thousand transactions are entered into by the citizens of the United States with one another, to one between citizens of the United

States and citizens of other countries; and it is therefore a thousand times more important that the money standard for all our people should be stable and sure, than that it should conform to a certain rate of exchange with other countries. The rate of exchange, even with gold as the common standard for Europe and the United States, varies around the par of \$4.867 for the pound sterling, from \$4.887, the point at which gold leaves us, to \$4.838, the point at which gold comes to us. What great difference would it make in our trade with England should the rate of exchange vary around \$5.00 for a pound sterling, or any other exchange point? We had no difficulty during the war, and for fifteen years after the war, in carrying on trade without a common gold coin or a common basis of gold, and certainly the difficulties in the way of adjusting exchanges with other countries are insignificant compared with the importance of having for ourselves a stable and certain money standard, and one that is not subject to change at the caprice of other countries, or by changes in the money system of other nations.

This, however, is the one and only apparent disadvantage to offset the several gains above enumerated which would accrue to the United States through the adoption of the bi-metallic standard. The gain would inure to the whole people, while the disadvantage would be felt only by those engaged in buying and selling abroad.

Is it not apparent to any one that the advantages outweigh a hundred times the single disadvantage of a possible variation in the exchange rates between the United States and England?

Let us then act for ourselves, for the seventy million people whose interests are in our keeping, and let other countries go with us or not as they may choose.

A. J. WARNER.

